

Message Text

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ACTION SS-25

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O R 061540Z MAR 75

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 1184

INFO AMEMBASSY ANKARA

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 1531

EXDIS-STADIS////////////////////////////////////

E.O. 11652: XGDS-1

TAGS: SNAR UN TU

SUBJ: TURKISH/UN DEVELOPMENTS

REF: GENEVA 1512, 1523

1. FOLLOWING IS TURKISH AIDE MEMOIRE RECEIVED BY MARTNS MARCH 6.
IN PROVIDING TEXT TO MISOFF, MANBY NOTED THAT TURKISH POSITION AS
SET FORTH AIDE MEMOIRE EXPANDS ON AND IS CONSIDERABLY MORE
DOGMATIC IN TONE THAN WAS KIRCA'S ORAL PRESENTATION. OBSERVED
ALSO RE DURATION PROPOSED UN COMMITMENT FOR STANDBY COMPENSATION
THT TURKS HAVEIN MIND PERIOD UNTIL ALKALOIDS EXTRACTION
PLANT ESTABLISHED.

2. TEXT OF AIDE MEMOIRE: "THE TURKISH GOVT IN ITS DECREE OF 6
DEC 1974 MO. 7/9204, HAS DECIDED TO PROHIBIT THE LANCING
OF POPPY CAPSULES CULTIVATED IN TURKEY AND PRODUCTION OF RAW
OPIUM FROM THIS CROP.

2. IT HAS BEEN AGREED BY THE COMPETENT TURKISH AUTHORITIES
AND THE REPRESENTATIVES OF THE UN DIVISION OF NARCOTIC DRUGS
THAT THE ECONOMIC LOSS THAT WOULD ARISE AS A RESULT OF THE
CHANGE IN PRODUCTION METHODS WOULD BE COMPENSATED BY THE
UN AND THIS PRACTICE WOULD CONTINUE UNTIL SUCH A TIME THAT
THE PROJECTED ALKALOID FACTORY WOULD BEGIN ITS PRODUCTION.

3. THE RESEARCH MADE BY THE COMPETENT TURKISH AUTHORITIES
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WITH A VIEW TO CALCULATING THE AMOUNT OF THIS LOSS FOR THE

1974/75 PERIOD ARE DESCRIBED HEREBELOW.

4. IT WOULD BE NECESSARY TO COMPARE THE FIGURER RELATING TO THE GROSS INCOME OBTAINED FROM BOTH METHODS OF PRODUCTION IN ORDER TO BE ABLE TO CORRECTLY CALCULATE THE EXACT AMOUNT OF LOSS THAT WOULD OCCUR. THE LOSS COULD BE CALCULATED BY SIMPLY DEDUCTING FROM THE GNP OF TH PREVIOUS PRODUCTION METHOD THE GROSS PRODUCT OBTAINED IN THE SECOND METHOD. IT IS POSSIBLE TO ASSUME THAT THIS LOSS CAN BE TURND INTO PROFIT IN TERMS OF NATIONAL PRODUCT, BY EXPORTING THE PRODUCTS ON THE ALKALOID FACTORY AFTER ITS COMPLETION. HOWEVER, THE ACTUAL NON-EXISTNCE OF SUCH A FACTORY IN TURKEY IS THE VERY REASON OF THE ECONOMIC LOSS IN QUESTION.

5. IN A SIMPLE WAY, ECONOMIC LOSS WOULD RESULT FROM EXPORT-ING UNLANCED CAPSULES WHICH IS LESS LABOUR ORIENTED THAN RAW OPIUM. AS IS KNOWN THE DIFFERENCE BETWEEN TH RAW MATERIAL AND ITS PRODUCTS IS MADE OF ADDED VALUES THROUGHOUT THE PRODUCTION PROCESS. THESE WOULD COMPRISE LABOUR, CAPITAL, ETC. THE TURKISH LOSS IN FOREGOING OPIUM PRODUCTION IS ALSO MAINLY THERESULT OF ADOPTING A LESS ADVANCED PRODUCTION METHOD; AS A MATTR OF FACT UNTIL AN ALKALOID FACTORY WILL BE OPERATIONAL IN TURKEY THE REVENUE OF THE LABOUR IN THE PROCESS IS NOT OBTAINED IN TURKEY, BUT IN FOREIGN COUNTRIES WHICH PROCESS THE STRAW.

6. ANOTHER FACTOR, DETERMINING THE ECONOMIC LOSS IS THE DIFFERENCE IN MORPHIN CONTENT BETWEEN THE TWO PRODUCTION METHODS. IN THE PREVIOUS METHOD, 1,200 KG OF OPIUM WITH 12 PERCENT MORPHINE CONTENT WAS PRODUCED PER DECAR; THIS WOULD YIELD 144 GR OF MORPHINE. FURTHERMOR TH INCISED CAPSULE WOULD CONTAIN 2.5 PERCENT MORPHINE; 100 KG OF INCISED CAPSULES WOULD GIVE 250 GR OF MORPHINE. THE TOTAL WOULD BE THEN 394 GR MORPHINE PER DECAR. ON THE OTHER HAND UNINCISED CAPSULES IN A DECAR WOULD ONLY CONTAIN 300 GR OF MORPHINE.

7. IN THE FOREGOING PARAGRAPHS CAUSES OF THE CEONOMIC LOSS HAVE BEEN EXPLAINED. THE CALCULATION OF THE LOSS THEREFORE BECOMES ASIER. THE ONLY DIFFICULTY STEMS FROM THE LACK OF CERTAIN PRICES WHICH SHOULD BE TAKEN AS VARIABLES.
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"WE NEED THE FOLLOWING DATA:

" THE TOTAL CAPSULE PRODUCTION, THE AREA OF CULTIVATION, PRODUCTION PER DECAR, PRODUCTION PER FAMILY AND THE PRICE OF PRODUCTION IN INTERNATIONAL MARKET.

8. ONE HUNDRED THOUSAND NINE HUNDRED AND EIGHTY FARMERS HAVE BEEN GIVEN LICENSES FOR 1974/75 SEASON. EACH FAMILY CAN ONLY CULTIVATE TWO DECARS. TOTAL CULTIVATED AREA IS THEREFORE

200,000 DECARS IN 7 PROVINCES.

"RESEARCH HAS SHOWN THAT IN A GOOD HARVEST, ON THE AVERAGE, 100 KG OF CAPSULES WOULD BE PRODUCED IN A DECAR. 1974/75 PRODUCTION THEREFORE WOULD BE 20,000 TONS. (100 KG X 200,000 DECARS) MORPHINE CONTENT WOULD BE ON THE AVERAGE .3 PERCENT. THE PRICE OF 1 KG OF CAPSULE IS ESTIMATED TO BE ON DOLLAR IN 1975. THE TOTAL REVENUE FROM CAPSULE EXPORTS WOULD THEREFORE AMOUNT TO 20 MILLION DOLLARS.

"EXPENSES INCURRED BY THE TMO SUCH AS BUYING, STORING, TRANSPORTING, STORING AT THE PORT OF EXPORT, LOADING, UNLOADING, ETC. CANNOT BE DETERMINED PRECISELY AS OF TODAY. HOWEVER ALL THESE EXPENSES CAN BE COMMERCIALY ESTIMATED TO BE NOT LESS THAN 20 PERCENT. THEREFORE TMO CAN PAY THE FARMERS A PRICE THAT AT THE MOST COULD AMOUNT TO 16 MILLION US DOLLARS.

" THE PRESENT RATE OF EXCHANGE (1 US DOLLAR QUALS 13.50 TL) THIS CORRESPONDS TO 216 MILLION TL THAT CAN BE PAID TO THE FARMER. THIS NECESSARILY IMPLIES A PRICE OF 10.80 TL, PER KG, OF CAPSULE, OR 1,080 TL PER DECAR. THIS IS NOT A FAIR PRICE TO BE PAID TO THE FARMER. EVEN IF WE SUPPOSE THAT THE TMO FOREGOES EVERYTHING CORRESPONDING TO ITS EXPENSES AND PAY ALL EXPORT REVENUE TO THE FARMER (4) MILLION DOLLARS EQUALS 54 MILLION TL), EVEN SUCH A SUBSIDY WOULD NOT CARRY THE FARMERS REVENUE BEYOND 1350 TL.

9. THIS BRINGS US TO THE QUESTION OF WHAT WOULD BE THE GROSS REVENUE PER DECAR THAT COULD REASONABLY BE EXPECTED BY THE TURKISH FARMER. THE TURKISH CULTIVATOR WAS NATURALLY HOPING TO GET A CERTAIN REVENUE AS A RESULT OF PROHIBITION BEING LIFTED BY THE GOVT. THE REVENUE WAS NORMALLY THE ONE THE FARMER WOULD GET HAD THE PROHIBITION NOT TAKEN PLACE. IT WOULD FOLLOW THAT THIS CALCULATION SHOULD BE BASED ON THE FOLLOWING TWO ITEMS: REVENUE OF THE OPIUM PRODUCED IN ONE DECAR PLUS THE REVENUE FROM INCISED CAPSULE.

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FARMERS HAVING THE RIGHT TO CULTIVATE 2 DECARS, WOULD PRODUCE 2.4 KG OPIUM (1.2X2) AND 200 KG OF INCISED CAPSULES (46 PERCENT).

AS THE SELLING PRICE OF RAW OPIUM HAS ALREADY REACHED TO THE LEVEL OF 45 DOLLARS PER KG THE TMO WOULD HAVE BEEN ABLE TO PURCHASE 1 KG OF OPIUM AT THE PRICE OF 600 TL. THE FARMER WOULD THEN GET 720 TL FOR HIS OPIUM PER DECAR.

THE LATEST EXPORT PRICE FOR INCISED CAPSULES WAS 7.50 TL PER KG. IT SEEMS POSSIBLE TO EXPORT THIS CROP TODAY FOR .80 DOLLARS FOR ITS .25 PERCENT MORPHINE CONTENT. THE TMO HAD NOT PURCHASED CAPSULES IN THE PREVIOUS YEARS. IT WOULD HAVE BEEN POSSIBLE FOR THIS ORGANIZATION TO ESTABLISH THE PRICE OF THE INCISED CAPSULES CLOSER TO THE PRICE OF UNINCISED CAPSULES AS AROUND 12 TL WITHIN ITS OWN RESOURCES.

THE FARMER HAD HAD THE OPPORTUNITY OF SELLING INCISED

CAPSULES AT 4.5 TL PER KG IN 1972. SINCE THEN THE PURCHASING PRICES ESTABLISHED BY THE TMO FOR AGRICULTURAL COMMODITIES HAVE INCREASED ALMOST THREEFOLD. ON THE OTHER HAND THE PRICES OF SUGAR-BEET AND TOBACCO HAD INCREASED 300 PERCENT.

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TO SECSTATE WASHDC IMMEDIATE 1185
INFO AMEMBASSY ANKARA

C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 01531

EXDIS-STADIS

FOR: AMBASSADOR VANCE (S/NM)

FOR THAT REASON THE GOVERNMENT WILL HAVE TO ESTABLISH TH PRICE OF THE CAPSULE AT 12-13 TL PER KG. HAD NOT THE GOVERNMENT PROHBIITED THE PRODUCTION OF RAW OPIUM IT WOULD HAVE BEEN POSSIBLE TO MAINTAIN THE GROSS INCOME OF THE CULTIVATOR PR DECAR AT AROUND 2000 TL WITHOUT TH NEED OF ANY EXTERNAL CONTRIBUTION. SUCH A REVENUE WOULD CORRSPOND TO THOSE DERIVED FROM OTHER AGRICULTURAL COMMODITIES IN THE REGION. AS IT KNOWN, IT IS NECESSARY TO ESTABLISH A SATISFACORY PRICE FOR OPOPPY CROP IN ORDER TO PREVENT ILLICIT TRAFFICKING. THIS IS NECESSARY ALOGSIDE WITH OTHR MEASURES SUCH AS LAW ENFORCEMET MEASURS AND CULTIVATION CONTROL.

FOR THAT REASON IT IS IMPERATIV TO PROVIDE THE FARMER WITH FISCAL MEANS THAT WOULD KEEP HISNS INCOM LEVEL PARALLEL TO HIS PREVIOUS INCOME.

10. THE CHANGE OF TH PRODUCTION METHODS HAS REDUCED THE GROSS INCOME OBTAINED FROM ONE DECAR OF POPPY CULTIVATION FROM 2000 TO 1200 TL MAXIMUM, AS THE TMO IS ABLE TO PAY FROM ITS OWN RESOURCES 1200 TL FOR KG OF CAPSULES. THIS AMOUNT LOULD HAVE BEEN ESTABLISHD AT 2000 TL IF THE PRODUCTION METHODS HAD NOT BEEN CHANGED, THUS BRINGING THE GROSS INCOME OF THE FARMING FAMILY WHICH WOULD BE CULTIVATING 2 DECARS OF LAND TO 4000 TL.

AT THIS POINT IT BECOMES CLEAR THAT EACH CULTIVATING FAMILY SHOULD BE PAID 800 TL PER DECAR AS COMPENSATION
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RESULTING FROM THE CHANGE OF PRODUCTION METHOD. THIS AMOUNT CORRESPONDS TO THE AMOUNT OF OPIUM THAT WOULD NOT BE PRODUCED, AS A RESULT OF ADOPTING NEW PRODUCTION METHOD.

11. AFTER HAVING DEFINED THE DIFFERENCE OF PRODUCTION ARISING FROM THE CHANGE OF PRODUCTION METHODS, IT WOULD NOW BE EASIER TO CALCULATE THE CONTRUBTION OF THE UN IN A MACROPLAN.

TH TOTAL AMOUNT OF CONTRIBUTION WOULD APPEAR AS 160 MILLION TL. THIS AMOUNT IS FIGURED AS FOLLOWS:
"TH PRODUCTION OF POPPY CAPSULES FROM 20,000 HECTARES OF LAND IS ESTIMATED AS 20 MILLION KG. THE CAPSULES PRODUCTION OF EACHOF TH 100,000 FARMER FAMILIS WILL BE 200 KG. THE COMPENSATION FOR THE CHANGE OF PRODUCTION METHODS PER KG OF CAPSUL WOULD BE 8 TL. THEREFORE THE TOTAL FIGURE RELATING TO THE COMPENSATION WILL BE 160 MILLION TL. THE FARMERS WILL RECEIVE 240 MILLION TL AS INCOM FROM SELLING POPPY CROP PLUS 160 MILLION TL (US \$12,000,000) IN COMPNSATION. THUS THE INCOM LEVEL PER DECAR OF POPPY CULTIVATION WILL RISE TO 2000 TL.

12. THE EQUIVALANT OF 160 MILLION TL IN US DOLLARS IS 12 MILLION. THIS RPRESENTS THE AMOUNT NEEDED BY THE TURKISH GOVERNMENT IN ORDER TO MAINTAIN THE GROSS INCOME OF THE POPPY CULTIVATOR IN 1975 AT AROUND 2000 TL PER DECAR OF POPPY CULTIVATED AREA.
THIS FIGURE IS ALSO EQUAL TO THE INCOME THAT MIGHT HAVE BEEN GAINED AS RESULT OF EXPORTING 244 TONS OF OPIUM OBTAINED BY MEANS OF LANCING POPPIES FROM 200 THOUSAND DECARS OF LAND. THE POINT WHICH SESMS TO BE CONTROVERSIAL IS BEING EXPRESSED IN TERMS OF LOSSES IN OPIUM. ALTHOUGH THE MORPHINE YEILD OF INCISED POPPY IS 400 GR. FOR THAT REASON TURKEY LILL RECEIVE THE EQUIVALENT OF THE PRICE OF 60 TONS OF MORPHINE BY XPORTING 20,000 TONS OF UNINCISED

CAPSULES. THIS AMOUNT WOULD HAVE BEEN ESTABLISHED AS TH
EQUIVLENT OF 80 TONS OF MORPHINE HAD THE PRODUCTION
SYSTEM NOT CHANGED.

THIS DIFFERNCE OF 20 TONS OF MORPHINE WOULD IMPOSE A
LOSS OF 10 WRKING DAYS PER DECAR. THIS FIGURE THEREFORE
REPRESENTS THE TOTAL LOSS OF THE TURKISH ECONOMY VIN RAL TERMS.
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THIS ALSO IS TH REASON OF TAKING AS A BASIS THE
PRICE OF THE RAW OPIUM AS OBTAINED IN THE PREVIOUS PRODUCTION
METHODS.

13. AFTER THE ALKALOID FACTORY BECOMES OPERATIONAL A LOSS
SO FAR AS THE ECONOMY IS CONCERND WOULD BE OUT OF
QUESTION AS ALL ADDED VALUES OF THIS PRODUCTION PROCS
WOULD REMAIN WITHIN THE COUNTRY AND TH FARMER' LOS
WOULD BE COMPNSATED BY NATIONAL RESOURCES THAT WOULD BE
CREATED BY TH ADDED VALUES IN THE COUNTRY.
IT WOULD BE AN QUITABLE APPROACH IF THE INTERNATIONAL
COMMUNITY IMPORTING POPPY STRAW FROM TURKEY WOULD TURN THIR
ADDITIONAL INCOMES OF THIR ALKALOD FACTORIES TO THE
UNFDAC AS THIR CONTRIBUTION OF COMPENSATING THE ECONOMIC
LOSSES OF TURKEY". DALE

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